

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF THE SUPPLEMENTAL</b>	)	
<b>APPLICATION OF VERIZON NORTHWEST</b>	)	<b>CASE NO. VZN-T-04-2</b>
<b>INC. FOR BROADBAND TAX CREDIT</b>	)	
<b>CERTIFICATION</b>	)	<b>ORDER NO. 29471</b>
	)	

---

On March 31, 2004, the Commission received a Supplemental Application from Verizon Northwest Inc. asking for approval of equipment for the broadband tax credit pursuant to Order No. 28784 and *Idaho Code* § 63-3029I(4). To be eligible for the tax credit, the taxpayer must obtain from the Commission an Order confirming that installed equipment qualifies for the tax credit.

Pursuant to *Idaho Code* § 63-3029I, an Idaho taxpayer may receive a tax credit for making “qualified investments” in “qualified broadband equipment” in Idaho, defined as network facilities that are capable of transmitting signals at a rate of at least 200,000 bits per second (bps) to a subscriber and at least 125,000 bps from a subscriber. *Idaho Code* § 63-3029I(3)(b), *see also*, *Idaho Code* §§ 63-3029B and 63-3029I(3)(b). To be eligible for the tax credit, the taxpayer must obtain from the Commission an Order confirming that the equipment has been installed and that it meets the definition of qualified broadband equipment. *Idaho Code* § 63-3029I(4). To implement its responsibilities under *Idaho Code* § 63-3029I, the Commission issued Procedural Order No. 28784 in July 2001, identifying the information that must be included in an application so the Commission can determine whether the installed equipment qualifies for the tax credit.

In its Supplemental Application, Verizon states that it includes additional broadband equipment that was inadvertently omitted from its original Application. During calendar year 2001 it installed equipment used to provide DSL and high-speed data (e.g., T-1) services to customers in the exchanges of Bayview, Bonners Ferry, Coeur d’Alene, Genesee, Hayden Lake, Kellogg, Moscow, Orofino, Pinehurst, Sandpoint, and St. Maries. Such components include over 25 miles of fiber optic cable, new copper cable, digital microwave radio equipment, digital access platforms, line cards, access ports, fiber terminals, and supporting software. Verizon states that transmission rates range from 128 Kbps to well beyond 1.544 Mbps. The

Supplemental Application states that Verizon invested approximately \$7,830,000 in additional qualifying broadband equipment during 2001.

#### **STAFF REVIEW**

Staff reviewed the lists of proposed broadband equipment submitted by Verizon in its Supplemental Application and believed that the equipment identified qualifies for the investment tax credit pursuant to *Idaho Code* § 63-3029I. Staff also confirmed that the Fujitsu Speedport DSL modems listed in the Supplemental Application were purchased and retained by Verizon and not leased or purchased by each DSL customer. Therefore, Staff recommended approval of the Supplemental Application and further recommended that the Commission forward the approving Order along with a copy of the Supplemental Application to the Idaho Tax Commission.

#### **COMMISSION FINDINGS AND DECISION**

Having reviewed Verizon's Supplemental Application and Staff's recommendation, we find that the Company's Application for a qualifying broadband equipment Order should be granted. The Company has adequately demonstrated that it installed the qualifying broadband equipment identified in its Supplemental Application in conformance with requirements set forth in *Idaho Code* § 63-3029I. We further find that as configured the installed equipment is an integral part of a broadband network necessary to deliver broadband services to Idaho customers. It is therefore appropriate for the Commission to issue this Order confirming that Verizon Northwest Inc. has installed qualified broadband equipment as a precondition to seeking an investment tax credit.

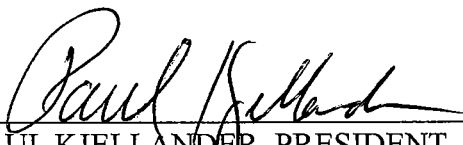
#### **ORDER**

IT IS HEREBY ORDERED that Verizon Northwest Inc.'s Supplemental Application for an Order certifying that it has installed qualified broadband equipment during 2001 is granted.

IT IS FURTHER ORDERED that the Commission Secretary will forward a copy of this Order along with a copy of the Application to the Idaho Tax Commission.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code* § 61-626.

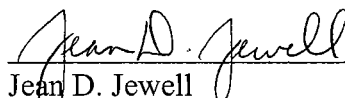
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 14<sup>th</sup>  
day of April 2004.

  
PAUL KJELLANDER, PRESIDENT

  
MARSHA H. SMITH, COMMISSIONER

  
DENNIS S. HANSEN, COMMISSIONER

ATTEST:

  
Jean D. Jewell  
Commission Secretary

O:VZNT0402\_jh